



BlackBerry Investor Presentation

Q1 FY'21

BlackBerry Public

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# SAFE HARBOR STATEMENT

Some of the statements we'll be making today constitute forward-looking statements and are made pursuant to the safe harbor provisions of applicable U.S. and Canadian securities laws.

We'll indicate forward-looking statements by using words such as expect, will, should, model, intend, believe and similar expressions. Forward-looking statements are based on estimates and assumptions made by the company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors that the company believes are relevant.

Many factors could cause the company's actual results or performance to differ materially from those expressed or implied by the forward-looking statements, including the risk factors that are discussed in the company's annual report on Form 10-K and in our MD&A.

You should not place undue reliance on the company's forward-looking statements. The company has no intention and undertakes no obligation to update or revise any forward-looking statements, except as required by law.

This presentation includes certain non-GAAP measures. We believe that these non-GAAP measures, which may be defined differently by other companies, explain our results of operations in a manner that allows for a more complete understanding of the underlying trends in our business. However, these measures should not be viewed as a substitute for those determined in accordance with GAAP. For a reconciliation between the non-GAAP measures used in this presentation and our GAAP results, please see our Q1 Fiscal 2021 earnings press release and supplement available through our website and on EDGAR and SEDAR.

# BlackBerry: An Internet of Things Market Leader



**\$1B+**

Cybersecurity  
company



**500M+**

Endpoints protected<sup>1</sup>



**175M+**

Cars protected by QNX<sup>1</sup>



**38K+**

Patents and applications<sup>1</sup>



**90%+**

Recurring software product  
revenue<sup>1,2</sup>



**26%**

Y/Y Software and  
Services revenue growth<sup>2,3</sup>



**76%**  
**(+29 pts)**

FY20 Gross Margin (and  
improvement 2016–20)<sup>2</sup>



**7%**  
**(+12 pts)**

FY20 Operating Margin (and  
improvement 2016–20)<sup>2</sup>

Notes: 1. As of Q1'21 2. Non-GAAP. See appendix for detail and reconciliation to US GAAP 3. FY20 vs FY19 non-GAAP revenue

# Investment Highlights

**Our mission is to enable security from IT to Internet of Things (IoT) in large, critical markets**

Unique portfolio in a \$38B TAM that is organically growing<sup>1</sup>

**Zero-trust based platform for security and management of all endpoints and users**

Combining next-generation AI with mobile, secure communications for IoT

**Leading software platform for the automotive industry**

Installed in over 175M cars across 45+ automakers

**Unrivaled, broad and diverse blue-chip customer base**

77% of Fortune 100, 18 of G20 governments, 9/10 top automakers, 9/10 largest banks

**Transformed to a software-driven business with demonstrated operating leverage**

90%+ recurring software product revenue with 12 pts improvement in operating margin from 2016 to 2020<sup>2</sup>

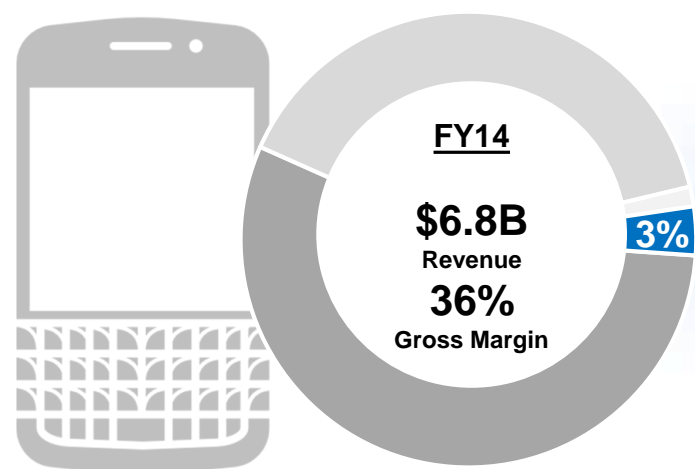
Notes: 1. TAM based on market forecasts from Gartner, IDC, various other third-party sources and internal analyses.

2. Non-GAAP. See appendix for detail and reconciliation to GAAP.

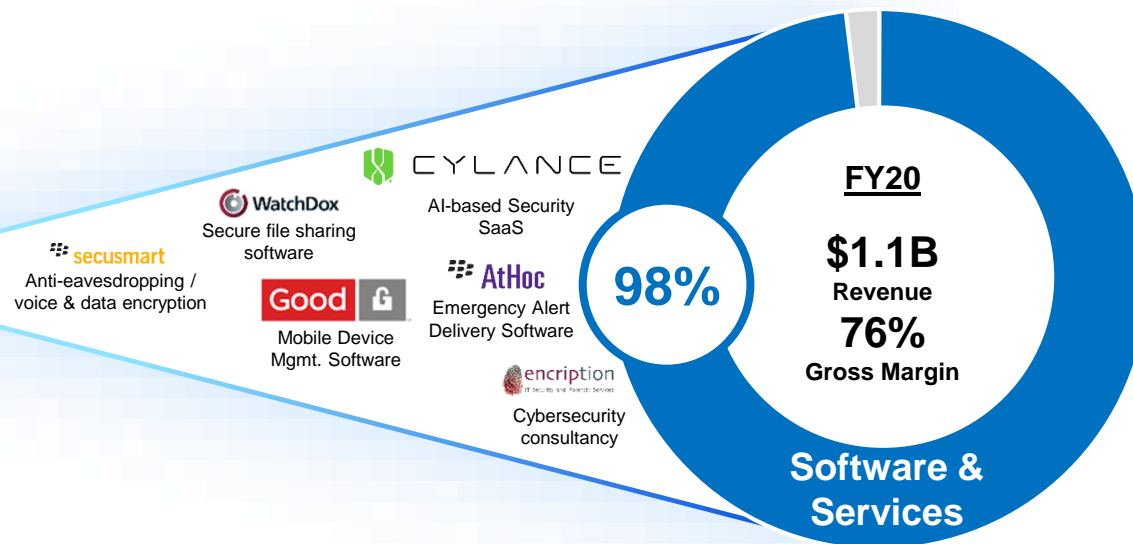
# Business Transformation

From Hardware to Software & Services

## FY2014 Revenue Breakdown<sup>1</sup>



## FY2020 Revenue Breakdown<sup>1</sup>



Notes: 1. All metrics are non-GAAP. See appendix for detail and reconciliation to GAAP

# BlackBerry's Value Proposition

## OUR AMBITION ...

**BlackBerry** will be the **must-have software provider for endpoints** – how they are built, secured, managed, connected, and integrated via our open and OS agnostic ecosystem. BlackBerry will deliver a **“whole product” experience** that helps organizations realize their **digital transformation objectives** with the highest level of **security, innovation** and **efficiency**.

## ... CONCENTRATES ON WORKING IN THESE INDUSTRIES AND CUSTOMERS ...



Industries that require **high-security mobility** management, for endpoints and information



Leadership teams who want to **transform** their operations for the **digital age**



OEM leadership teams who want to manufacture **safety-certified** endpoints

## ... A MARKET FORECAST TO REACH \$38 BILLION USD BY 2021 ...



Safety-certified, **API-enabled** endpoints



Secured and **managed** endpoints



Secure **comms** between any endpoints

## ... THAT WILL REQUIRE THE FOLLOWING CRITICAL DIGITAL CAPABILITIES ...



**Data science** and AI/ML algorithms



End-to-end **layered security**



**Developer** SDKs and platform APIs



Cloud-first and on-prem **deployment**



**Crowd-sourced** data lake of endpoint telemetry

## ... DELIVERED PRIMARILY THROUGH THE FOLLOWING ACTIONS.



**Zero-trust** for unmatched security

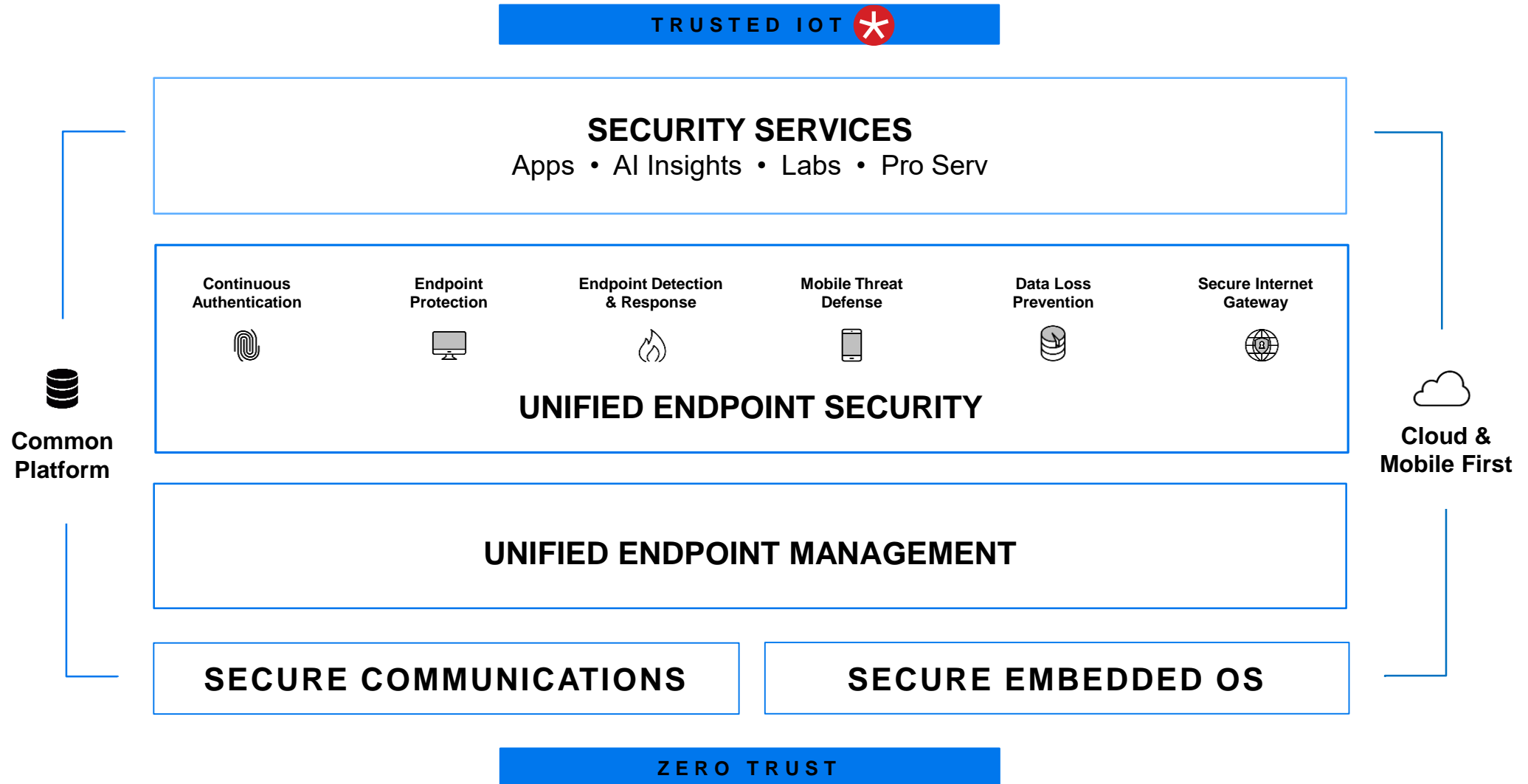


**Zero-touch** for maximum productivity



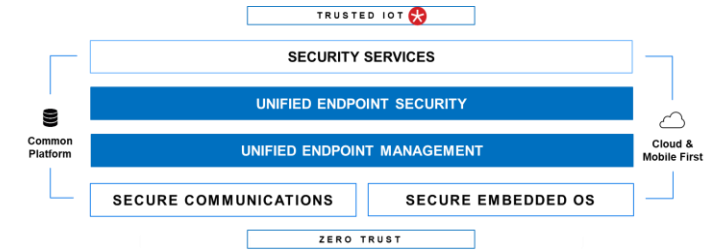
**Connectivity** for one global community

# BlackBerry's Secure IoT Platform



# BlackBerry Spark

Solving the enterprise's top priorities



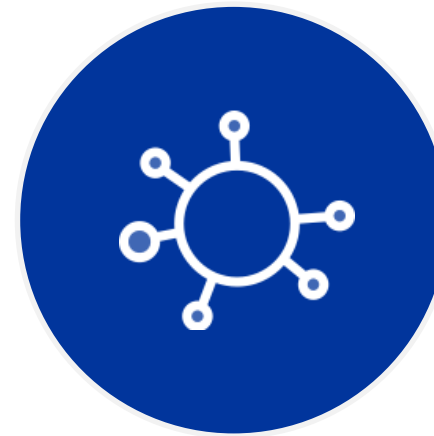
## INTELLIGENT TECHNOLOGY

that evolves ahead of your needs



## MOBILE & CLOUD FIRST

for secure, remote business continuity



## SCALE ACROSS THE ENTIRE IOT

to address the expanding landscape



## ONE SOLUTION

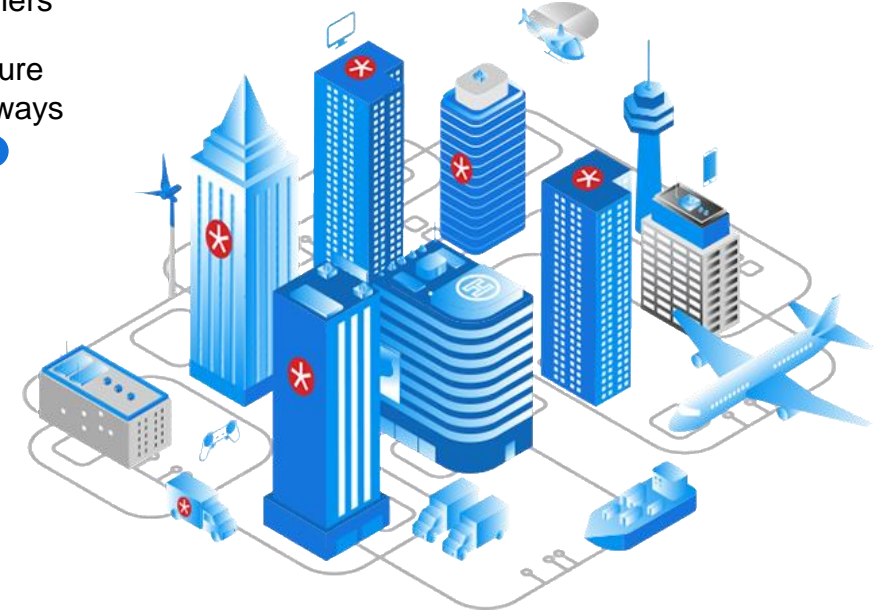
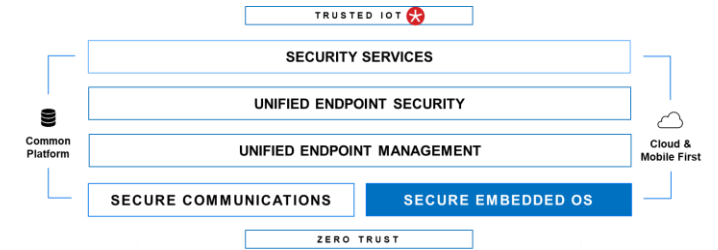
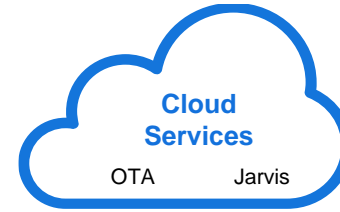
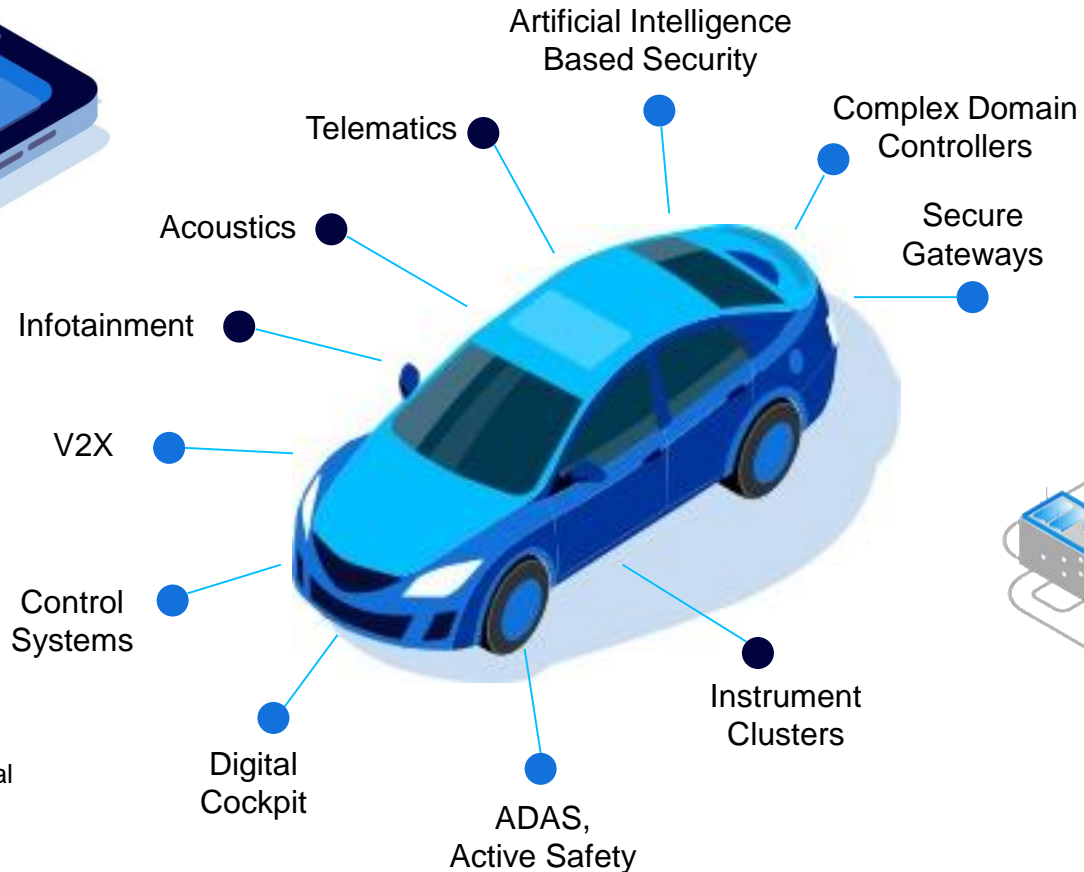
for UEM & UES, to simplify risks, complexity & cost

# BlackBerry QNX

Secure embedded OS to secure the 'edge'



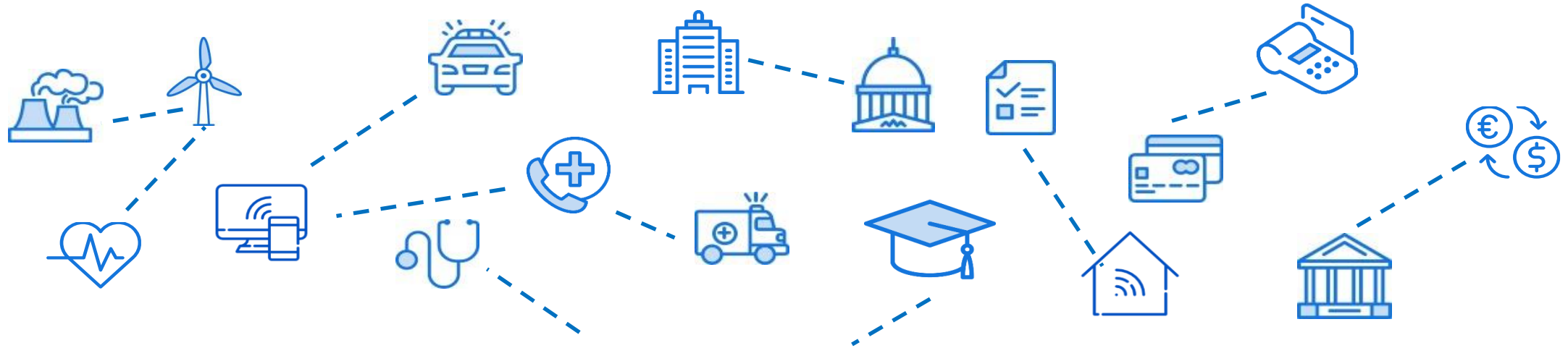
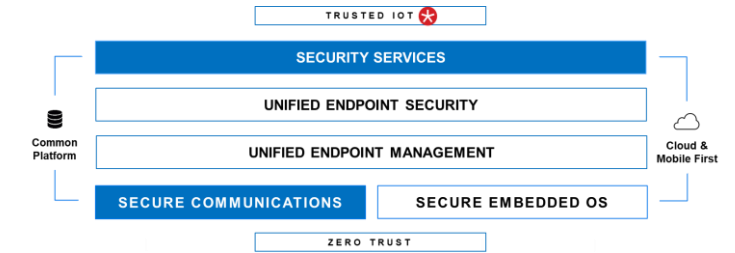
 **Smart Home**



 **Smart City**

# BlackBerry Secure Communications

Keeping you safe, secure and your data private



# BlackBerry's Customers and Partners

## Top-Tier Customers



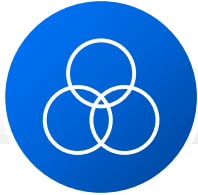
## Top-Tier Partners



2,000+ partners across our ecosystem

# Strategic Priorities

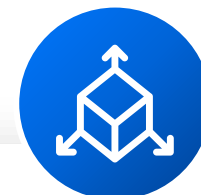
*FY21 and beyond – Focused on growth*



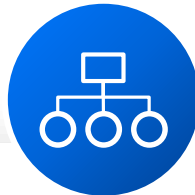
Unlock synergies from integration of UEM and Cylance and deliver on Spark, our end-to-end, unified platform for endpoint security and management



Close pipeline opportunities, grow partnerships, and increase market share in regulated industry verticals



Gain market share in both automotive safety systems and other general embedded markets



Drive Professional Services expansion



Successfully bring new product innovations to market

# Q1 FY21 Financial Summary



**\$214M**

Non-GAAP  
Revenue<sup>1</sup>



**\$0.02**

Non-GAAP  
Earnings per Share<sup>1</sup>



**71%**

Non-GAAP  
Gross Margin<sup>1</sup>



**\$955M**

Total ending  
Cash & Investments



**90%+**

Recurring Non-GAAP  
Software Product  
Revenue<sup>1,2</sup>



**~\$500M**

Annual Recurring  
Revenue<sup>2</sup>



**93%**

Dollar-Based Net  
Retention Rate<sup>2</sup>



**\$20M**

Adjusted  
EBITDA<sup>1,2</sup>

1. See appendix for detail and reconciliation of non-GAAP measures to US GAAP

2. See Form 10-Q for definitions of key metrics

# Timeless Model Goals

	Goals
Recurring Software Product Revenue <sup>1</sup> (%)	~90%
Gross Margin <sup>1</sup> (%)	~80–85%
Operating Income <sup>1</sup> (%)	~20–25%
Adjusted EBITDA <sup>1</sup> (%)	~25–30%

1. See appendix for detail and reconciliation of non-GAAP measures to US GAAP

2. See Form 10-Q for definitions of key metrics

# Opportunity For Long Term Growth

**WE HAVE THE RIGHT STRATEGY, THE RIGHT TECHNOLOGY  
AND ARE PLAYING IN THE RIGHT MARKETS**

**Accelerate Growth  
Opportunities**

- Investing in growth
- Opportunities to lead in large markets

**Sustainable Revenue  
Growth**

**Capture the Future**

- Innovating and investing in future categories

**Long-Term Value  
Creation**

**Scalable Financial Model**

- Recurring revenue growth
- Efficient operating models

**Increased Earnings Power  
Greater Cash Flow Generation**



## Appendix - Q1 FY21 Financials

# GAAP Income Statement (\$M)

	Q1-20	Q2-20	Q3-20	Q4-20	FY 2020	Q1-21
Software & Services	\$ 168	\$ 168	\$ 185	\$ 170	\$ 691	\$ 148
Licensing and Other	79	76	82	112	349	58
<b>Total GAAP Revenue</b>	<b>247</b>	<b>244</b>	<b>267</b>	<b>282</b>	<b>1,040</b>	<b>206</b>
Cost of Sales	70	68	69	70	227	63
<b>GAAP Gross Profit</b>	<b>177</b>	<b>176</b>	<b>198</b>	<b>212</b>	<b>763</b>	<b>143</b>
Research and Development	71	62	66	60	259	57
Selling, Marketing and Admin	121	130	129	113	493	90
Amortization	49	48	49	48	194	46
Impairment of Long-lived Assets	-	2	3	5	10	-
Impairment of Goodwill	-	-	-	22	22	594
Debentures Fair Value Adjustment	(28)	(23)	(20)	5	(66)	1
Settlements, net	-	-	-	-	-	-
Total Operating Expenses	213	219	227	253	912	788
<b>GAAP Operating Income (Loss)</b>	<b>(36)</b>	<b>(43)</b>	<b>(29)</b>	<b>(41)</b>	<b>(149)</b>	<b>(645)</b>
Investment Income (Loss), Net	3	-	(1)	(1)	1	-
<b>Income (Loss) before Income Taxes</b>	<b>(33)</b>	<b>(43)</b>	<b>(30)</b>	<b>(42)</b>	<b>(148)</b>	<b>(645)</b>
Provision for (recovery of) income taxes	2	1	2	(1)	4	(9)
<b>GAAP Net Income (Loss)</b>	<b>\$ (35)</b>	<b>\$ (44)</b>	<b>\$ (32)</b>	<b>\$ (41)</b>	<b>\$ (152)</b>	<b>\$ (636)</b>
Earning (Loss) per Share Basic	\$ (0.06)	\$ (0.08)	\$ (0.06)	\$ (0.07)	\$ (0.27)	\$ (1.14)
Earning (Loss) per Share Diluted	\$ (0.09)	\$ (0.10)	\$ (0.07)	\$ (0.07)	\$ (0.32)	\$ (1.14)
<b>Weighted-average number of common shares outstanding</b>						
Basic	551,845	552,343	554,585	556,668	553,861	557,839
Diluted	612,345	612,843	615,085	556,668	614,361	557,839

# Non-GAAP Reconciliation (\$M)

<u>Non-GAAP Adjustments (Pre-Tax and After-Tax)</u>	Q1-20	Q2-20	Q3-20	Q4-20	FY 2020	Q1-21
Debentures Fair Value Adjustment	(28)	(23)	(20)	5	(66)	1
Restructuring Charges	1	1	7	1	10	1
Software Deferred Revenue Acquired	20	17	13	9	59	8
Software Deferred Commission Acquired	(5)	(4)	(4)	(3)	(16)	(3)
Stock Compensation Expense	17	14	15	17	63	14
Acquired Intangible Amortization	35	36	35	35	141	33
Business Acquisition and Integration Costs	1	2	-	1	4	-
Settlements, net	-	-	-	-	-	-
Goodwill Impairment Charge	-	-	-	22	22	594
LLA Impairment Charge	-	2	3	5	10	-
Acquisition income tax recoveries	(1)	-	-	-	(1)	-
<b>Total Non-GAAP Adjustment (Pre-Tax and After-Tax)</b>	<b>\$ 40</b>	<b>\$ 45</b>	<b>\$ 49</b>	<b>\$ 92</b>	<b>\$ 226</b>	<b>\$ 648</b>

<u>GAAP to non-GAAP Gross Profit</u>	Q1-20	Q2-20	Q3-20	Q4-20	FY 2020	Q1-21
GAAP Revenue	\$ 247	\$ 244	\$ 267	\$ 282	\$ 1,040	\$ 206
Software Deferred Revenue Acquired	20	17	13	9	59	8
<b>Non-GAAP Revenue</b>	<b>267</b>	<b>261</b>	<b>280</b>	<b>291</b>	<b>1,099</b>	<b>214</b>
GAAP Cost of Sales	70	68	69	70	277	63
Non-GAAP Adjustments to Cost of Sales	(2)	(2)	(4)	(2)	(10)	(2)
Non-GAAP Cost of Sales	68	66	65	68	267	61
<b>Non-GAAP Gross Profit</b>	<b>199</b>	<b>195</b>	<b>215</b>	<b>223</b>	<b>832</b>	<b>153</b>

# Non-GAAP Reconciliation (\$M) (Cont.)

<u>Adjusted EBITDA</u>	Q1-20	Q2-20	Q3-20	Q4-20	FY 2020	Q1-21
<b>GAAP Operating Income (Loss)</b>	<b>\$ (36)</b>	<b>\$ (43)</b>	<b>\$ (29)</b>	<b>\$ (41)</b>	<b>\$ (149)</b>	<b>\$ (645)</b>
Non-GAAP Adjustments to Operating Income	41	45	49	92	227	648
<b>Non-GAAP Operating Income</b>	<b>5</b>	<b>2</b>	<b>20</b>	<b>51</b>	<b>78</b>	<b>3</b>
Amortization	53	54	53	52	212	50
Acquired Amortization Intangibles	(35)	(36)	(35)	(35)	(141)	(33)
<b>Adjusted EBITDA</b>	<b>23</b>	<b>20</b>	<b>38</b>	<b>68</b>	<b>149</b>	<b>20</b>

<u>Reconciliation from GAAP Net Income (Loss) to Non-GAAP Net Income and Non-GAAP Earnings per Share</u>	Q1-20	Q2-20	Q3-20	Q4-20	FY 2020	Q1-21
<b>GAAP Net Income (Loss)</b>	<b>\$ (35)</b>	<b>\$ (44)</b>	<b>\$ (32)</b>	<b>\$ (41)</b>	<b>\$ (152)</b>	<b>\$ (636)</b>
Total Non-GAAP Adjustment (After-Tax)	40	45	49	92	226	648
<b>Non-GAAP Net Income (Loss)</b>	<b>5</b>	<b>1</b>	<b>17</b>	<b>51</b>	<b>74</b>	<b>12</b>
<b>Non-GAAP Basic Earnings (Loss) per Share</b>	<b>\$ 0.01</b>	<b>\$ 0.00</b>	<b>\$ 0.03</b>	<b>\$ 0.09</b>	<b>\$ 0.13</b>	<b>\$ 0.02</b>
Shares outstanding for Non-GAAP income (loss) per share reconciliation ('000)	551,845	552,343	554,585	556,668	553,861	557,839

Non-GAAP Revenue, non-GAAP Loss Before Income Taxes, non-GAAP Net Loss, non-GAAP Gross Profit, Adjusted EBITDA, and non-GAAP Loss Per Share do not have a standardized meaning prescribed by GAAP and thus are not comparable to similarly titled measures presented by other issuers. The Company believes that the presentation of these non-GAAP measures enables the Company and its shareholders to better assess the Company's operating results relative to its operating results in prior periods and improves the comparability of the information presented. This non-GAAP information should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. You are encouraged to review the Company's filings on SEDAR and EDGAR. The company makes no commitment to update the information above subsequently.

# Amortization And Reconciliation Details (\$M)

<b><u>Restructuring Charges Details (Pre-Tax)</u></b>	<b>Q1-20</b>	<b>Q2-20</b>	<b>Q3-20</b>	<b>Q4-20</b>	<b>FY 2020</b>	<b>Q1-21</b>
Cost of Sales	\$ 1	\$ 1	\$ 3	\$ -	\$ 5	\$ -
Research and Development	-	-	-	-	-	-
Selling, Marketing and Administration	-	-	4	1	5	1
<b>Total Restructuring Charges</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 7</b>	<b>\$ 1</b>	<b>\$ 10</b>	<b>\$ 1</b>

<b><u>Amortization of Intangibles and PP&amp;E Details</u></b>	<b>Q1-20</b>	<b>Q2-20</b>	<b>Q3-20</b>	<b>Q4-20</b>	<b>FY 2020</b>	<b>Q1-21</b>
<b>Cost of Sales Amortization</b>						
Property, Plant and Equipment	\$ 1	\$ 2	\$ 1	\$ 2	\$ 6	\$ 1
Intangibles Assets	3	4	3	2	12	3
<b>Total in Cost of Sales</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>18</b>	<b>4</b>
<b>Operating Expenses Amortization</b>						
Property, Plant and Equipment	\$ 5	\$ 4	\$ 5	\$ 4	\$ 18	\$ 4
Intangibles Assets	44	44	44	44	176	42
<b>Total in Operating Expenses Amortization</b>	<b>49</b>	<b>48</b>	<b>49</b>	<b>48</b>	<b>194</b>	<b>46</b>
<b>Total Amortization</b>						
Property, Plant and Equipment	\$ 6	\$ 6	\$ 6	\$ 6	\$ 24	\$ 5
Intangibles Assets	47	48	47	46	188	45
<b>Total Amortization</b>	<b>53</b>	<b>54</b>	<b>53</b>	<b>52</b>	<b>212</b>	<b>50</b>

The information above is supplied to provide meaningful supplemental information regarding the Company's operating results because such information excludes amounts that are not necessarily related to its operating results. The Company believes that the presentation of these non-GAAP measures enables the Company and its shareholders to better assess the Company's operating results relative to its operating results in prior periods and improves the comparability of the information presented. This non-GAAP information should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. You are encouraged to review the Company's filings on SEDAR and EDGAR. The company makes no commitment to update the information above subsequently.

